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# **Housing Authority of the City of Kenner Kenner, Louisiana**

**General Purpose Financial Statements and  
Independent Auditors Reports  
As of and for the Year Ending June 30, 2001  
With Supplemental Information Schedules**

**WILLIAM DANIEL McCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

**5150 Highway 22, Suite C-15  
Mandeville, Louisiana 70471**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/16/02

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**Louisiana Society of CPA's**

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## **INDEPENDENT AUDITOR'S REPORT UNQUALIFIED OPINION ON GENERAL PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Commissioners  
Housing Authority of the City of Kenner  
Kenner, Louisiana

I have audited the accompanying general purpose financial statements of the Housing Authority of the City of Kenner (PHA) as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Kenner as of June 30, 2001, and the results of its

operations and the cash flows of its propriety fund types for the year ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated December 27, 2001 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the PHA taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying Schedule of Expenditures of Federal Awards and Financial Data Schedule are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit organizations, and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

December 27, 2001

**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Combined Balance Sheet - All Funds  
As of June 30, 2001**

EXHIBIT A  
Page 1 of 1

**Assets**

**Current Assets:**

Cash and Cash Equivalents	\$ 1,712,849
Cash - Tenant Security Deposits	26,422
Total Accounts Receivable, Net of Allowance for Doubtful Accounts	94,687
Investments - Unrestricted	-
Interprogram Due From	466,786
Prepaid Expenses and Other Assets	33,909
Inventories	<u>2,974</u>
Total Current Assets	\$ 2,337,627

**Noncurrent Assets:**

Total Fixed Assets, Net of Accumulated Depreciation	\$ 4,140,593
Other Assets	<u>-</u>
Total Noncurrent Assets	\$ 4,140,593

**Total Assets**

\$ 6,478,220

**Liabilities and Equity**

**Current Liabilities:**

Accrued Compensated Absences	\$ 31,039
Accrued Wage/Payroll Taxes Payable	4,104
Accounts Payable < 90 Days	-
Accounts Payable - HUD PHA Programs	120,948
Accounts Payable - Other Government	-
Tenant Security Deposits	26,422
Deferred Revenues	191,512
Current Portion of LT Debt - Capital Projects	-
Accrued Liabilities - Other	-
Interprogram Due To	<u>466,786</u>
Total Current Liabilities	\$ 840,811

**Total Noncurrent Liabilities**

-

**Total Liabilities**

\$ 840,811

**Total Fund Equity**

\$ 5,637,409

**Total Liabilities and Equity**

\$ 6,478,220

*See notes to financial statements*

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**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Combined Statement of Revenue, Expenses, and Change in Equity - All Funds  
For Fiscal Year Ending June 30, 2001**

EXHIBIT B  
Page 1 of 1

Revenues:	
Net Tenant Rental Revenue	\$ 198,943
HUD PHA Grants	2,475,116
Other Government Grants	-
Investment Income - Unrestricted	31,400
Other Revenue	14,953
Total Revenues	<u>\$ 2,720,412</u>
Operating Expenses:	
Administrative	\$ 281,030
Tenant Services	10,982
Utilities	47,338
Ordinary Maintenance & Operations	130,608
Protective Services	-
General Expenses	85,565
Total Operating Expenses Before Depreciation	<u>\$ 555,523</u>
Excess Revenue Over Expenses Before Depreciation	\$ 2,164,889
Extraordinary Maintenance	3,515
Casualty Losses - Non-Capitalized	-
Housing Assistance Payments	1,973,351
Depreciation Expense	222,910
Operating Transfers - In	26,335
Operating Transfers - Out	(26,335)
Net Operating Income (Loss) After Depreciation	<u>\$ (34,887)</u>
Beginning Equity @ 6/30/00	\$ 5,672,296
Net Operating Income (Loss) After Depreciation	(34,887)
Prior Period Adjustments	-
Capital Outlays	-
Ending Equity @ 6/30/01	<u>\$ 5,637,409</u>

See notes to financial statements



**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Combined Statement of Cash Flows - All Funds  
For Fiscal Year Ending June 30, 2001**

EXHIBIT C  
Page 1 of 1

**Cash flows from operating activities:**

Net Operating Income (Loss)	\$ (2,318,493)	
Depreciation		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
(Gain) Loss on sale of equipment		
(Increase) Decrease in tenants accounts receivable	337	
(Increase) Decrease in accounts receivable HUD	13,048	
(Increase) Decrease in misc accounts receivable	(6,257)	
(Increase) Decrease in prepaid items and other assets	(2,667)	
(Increase) Decrease in supplies inventory	(939)	
(Increase) Decrease in interprogram due from	164,919	
(Increase) Decrease in item not traced	-	
Increase (Decrease) in accounts payable	(617)	
Increase (Decrease) in accrued wages/payroll taxes payable	(3,291)	
Increase (Decrease) in accounts payable HUD	86,395	
Increase (Decrease) in accrued compensated absences	4,167	
Increase (Decrease) in tenant security deposits payable	2,384	
Increase (Decrease) in other payables and deferred revenue	191,512	
Increase (Decrease) in interprogram due to	<u>(164,919)</u>	
Net cash provided (used) by operating activities		\$ (2,034,421)

**Cash flows from noncapital financing activities:**

Federal grants	\$ 2,422,232	
State or local grants	<u>-</u>	
Net cash provided (used) from noncapital financing activities		2,422,232

**Cash flows from capital and related financing activities:**

Acquisition of capital assets	\$ (181,306)	
Proceeds from grants	<u>52,884</u>	
Net cash provided (used) for capital and related financing activities		(128,422)

**Cash flow from Investing activities:**

Investment income (interest income)	\$ <u>31,400</u>	
Net cash provided (used) by investing activities		<u>31,400</u>

**Net Increase (decrease) in cash and cash equivalents**

\$ 290,789

**Cash and cash equivalents at beginning of year**

1,448,482

**Cash and cash equivalents at end of year (exhibit A)**

\$ 1,739,271

See notes to financial statements

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**Housing Authority of the City of Kenner  
Kenner, Louisiana**

EXHIBIT D  
Page 1 of 2

**Combined Statement of Revenues & Expenditures - Budget vs. Actual  
Low Rent Public Housing, Section 8, and Housing Choice Voucher Programs  
For Fiscal Year Ending June 30, 2001**

Low Rent Public Housing Program			
	Budget	Actual	Variance Actual-Budget Over (Under)
<b>Revenues</b>			
<b>Local Sources:</b>			
Total Tenant Rental Revenue	\$ 230,280	\$ 198,943	\$ (31,337)
Investment Income - Unrestricted	26,640	14,659	(11,981)
Gain/Loss from Sale of Equipment		-	-
Other Revenue	25,210	14,953	(10,257)
<b>Federal Sources:</b>			
Operating Subsidy / HUD PHA Grants	157,359	157,359	-
Annual Contributions		-	-
<b>Total Revenues</b>	<b>\$ 439,489</b>	<b>\$ 385,914</b>	<b>\$ (53,575)</b>
<b>Expenditures</b>			
Administrative	\$ 37,150	\$ 41,298	4,148
Tenant Services	2,000	155	(1,845)
Utilities	38,160	47,338	9,178
Ordinary Maintenance & Operations	133,880	110,735	(23,145)
Protective Services	-	-	-
General Expenses	92,900	81,893	(11,007)
Nonroutine Maintenance	7,500	3,515	(3,985)
Capital Expenditures	26,700	-	(26,700)
Prior Year Adjustments	-	-	-
Housing Assistance Payments	-	-	-
<b>Total Expenditures</b>	<b>\$ 338,290</b>	<b>\$ 284,934</b>	<b>\$ (53,356)</b>
<b>Excess Revenues (Deficiency) Over Expenses</b>	<b>\$ 101,199</b>	<b>\$ 100,980</b>	<b>\$ (219)</b>

See notes to financial statements



**Housing Authority of the City of Kenner  
Kenner, Louisiana**

EXHIBIT D  
Page 2 of 2

**Combined Statement of Revenues & Expenditures - Budget vs. Actual  
Low Rent Public Housing, Section 8, and Housing Choice Voucher Programs  
For Fiscal Year Ending June 30, 2001**

	Section 8 Rental Certificate Program			Housing Choice Vouchers		
	Budget	Actual	Variance Actual-Budget Over (Under)	Budget	Actual	Variance Actual-Budget Over (Under)
Revenues						
Local Sources:						
Total Tenant Rental Revenue	\$ -	\$ -	\$ -			\$ -
Investment Income - Unrestricted	-	9,227	9,227		7,514	7,514
Gain/Loss from Sale of Equipment	-	-	-			-
Other Revenue	-	-	-			-
Federal Sources:						
Operating Subsidy / HUD PHA Grants	94,486	90,838	(3,648)	2,219,620	2,136,873	(82,747)
Annual Contributions	-	-	-			-
<b>Total Revenues</b>	<b>\$ 94,486</b>	<b>\$ 100,065</b>	<b>\$ 5,579</b>	<b>\$ 2,219,620</b>	<b>\$ 2,144,387</b>	<b>\$ (75,233)</b>
Expenditures						
Administrative	\$ 10,258	\$ 50,914	\$ 40,656	\$ 257,724	\$ 212,363	\$ (45,361)
Tenant Services	-	-	-			-
Utilities	-	-	-			-
Ordinary Maintenance & Operations	-	-	-			-
Protective Services	-	-	-			-
General Expenses	-	-	-			-
Nonroutine Maintenance	-	-	-			-
Capital Expenditures	-	-	-			-
Prior Year Adjustments	-	-	-			-
Housing Assistance Payments	84,228	80,712	(3,516)	1,961,896	1,892,639	(69,257)
<b>Total Expenditures</b>	<b>\$ 94,486</b>	<b>\$ 131,626</b>	<b>\$ 37,140</b>	<b>\$ 2,219,620</b>	<b>\$ 2,105,002</b>	<b>\$ (114,618)</b>
<b>Excess Revenues (Deficiency) Over Expenses</b>	<b>\$ -</b>	<b>\$ (31,561)</b>	<b>\$ (31,561)</b>	<b>\$ -</b>	<b>\$ 39,385</b>	<b>\$ 39,385</b>

See notes to financial statements

# **Housing Authority of the City of Kenner**

## **Kenner, Louisiana**

### **Notes to Financial Statements**

Housing Authorities are chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Kenner, Louisiana. This creation was contingent upon the local governing body of the city, county, or parish as applicable. A five member Board of Commissioners governs the PHA. The members, appointed by the Mayor of Kenner, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

#### ***NOTE A - FINANCIAL REPORTING:***

##### **(1) Financial Reporting Entity**

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of June 30, 2001, and for the fiscal then ended, the PHA had no discretely presented component units or any component units that are required to be blended in these financial statements.

##### **(2) Accounting Principle**

The PHA uses the governmental GAAP enterprise method of accounting.

The enterprise method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The enterprise method recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable.

**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Notes to Financial Statements**

Depreciation expense must be recognized for the enterprise method of accounting. Under the HUD regulatory method of accounting, depreciation was not recognized.

The PHA applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

(3) Budgetary Data

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

(4) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(5) Tenant Receivables

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

(6) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

***NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS:***

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 2001. The categories are described as follows:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

# Housing Authority of the City of Kenner

## Kenner, Louisiana

### Notes to Financial Statements

Category 3:Uncollateralized, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category 1	Category 2	Category 3
\$ 1,772,300	\$ 467,987	\$ 0	\$ 1,304,313

#### *NOTE C - ACTIVITIES OF THE PHA:*

At June 30, 2001, the PHA was managing the following programs: 137 units of low-rent public housing under FW-2167; development; drug elimination; section 8 rental certificate; housing choice vouchers; public housing capital funds.

#### *NOTE D - CONTINGENCIES:*

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

#### *NOTE E - FIXED ASSETS:*

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	20 Years
Buildings	20 Years
Building improvements	10 Years
Non-dwelling structures	20 Years
Equipment	3-7 Years

The capitalization limit is \$5,000.

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.



**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Notes to Financial Statements**

Low Rent Public Housing	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Land	\$ 1,101,170	\$ 0	\$ 0	\$ 1,101,170
Buildings	5,003,901	179,311	2,857,143	2,146,757
Furniture & Equipment – Dwellings	112,725	6,926	95,015	17,710
Furniture & Equipment – Administration	134,389	12,188	113,283	21,107
Leasehold Improvements	516,766	16,569	375,835	140,931
<b>TOTAL</b>	<b>\$ 6,868,951</b>	<b>\$ 214,994</b>	<b>\$ 3,441,276</b>	<b>\$ 3,427,675</b>

Development	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Land	\$ 347,855	\$ 0	\$ 0	\$ 347,855
Buildings	245,838	7,449	7,449	238,389
Leasehold Improvements	1,990	133	133	1,857
<b>TOTAL</b>	<b>\$ 595,683</b>	<b>\$ 7,582</b>	<b>\$ 7,582</b>	<b>\$ 588,101</b>

Housing Choice Vouchers	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Furniture & Equipment – Administration	\$ 75,057	\$ 333	\$ 3,124	\$ 71,933
<b>TOTAL</b>	<b>\$ 75,057</b>	<b>\$ 333</b>	<b>\$ 3,124</b>	<b>\$ 71,933</b>

Public Housing Capital Fund Program	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Construction In Progress	\$ 52,884	\$ 0	\$ 0	\$ 52,884
<b>TOTAL</b>	<b>\$ 52,884</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 52,884</b>

**NOTE F - LONG-TERM DEBT:**

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority, and accordingly, have not been reported in the accompanying financial statements. The amount of this debt that has been reclassified to HUD Equity is \$754,508.

**NOTE G - RETIREMENT PLAN:**

The entity provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on

# Housing Authority of the City of Kenner

## Kenner, Louisiana

### Notes to Financial Statements

amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six-month exclusionary period. The employee contributes 5% and the entity contributes 8% of the employee's base monthly salary. The entity's contributions for each employee (and interest allocated to the employee's account) vest at 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll for the fiscal year ending June 30, 2001 was \$243,222. The entity's contributions were calculated using the base salary amount of \$243,222. Contributions to the plan were \$12,161 and \$19,458, by the employees and the entity, respectively.

#### *NOTE H - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:*

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

#### Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

#### *NOTE I - USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *NOTE J - PRIOR PERIOD ADJUSTMENTS:*

Description	Section 8 Rental Voucher Program	Housing Choice Vouchers	Total
Equity Transfer	\$ (207,111)	\$ 207,111	\$ 0
TOTAL	\$ (207,111)	\$ 207,111	\$ 0



**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Notes to Financial Statements**

*NOTE K – INTERFUND RECEIVABLES / PAYABLES:*

Program	Interprogram Due From Debit	Interporgram Due To Credit
Housing Choice Vouchers	\$ 466,786	
Low Rent Public Housing		\$ 196,458
Development		9,540
Section 8 Certificates		193,156
Capital Fund Program		52,884
TOTAL	\$ 466,786	\$ 466,786

*NOTE L - COMPENSATED ABSENCES:*

At June 30, 2001, employees of the PHA have accumulated and vested \$31,039 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at June 30, 2001 was \$31,039.

**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Expenditures of Federal Awards  
For Fiscal Year Ending June 30, 2001**

**SCHEDULE I  
Page 1 of 1**

<i>CFDA #</i>	<i>Name of Federal Program</i>	<i>Federal Award Expenditure</i>
14.850a	Low Rent Public Housing	\$ 157,359
14.850b	Development	-
14.854	Public and Indian Housing Drug Elimination Program	10,827
14.855	Section 8 Rental Voucher Program	-
14.857	Section 8 Rental Certificate Program	90,838
14.871	Housing Choice Vouchers	2,136,873
14.872	Public Housing Capital Fund Program	79,219
Total Federal Expenditures		<u>\$ 2,475,116</u>

See notes to financial statements

Housing Authority of the City of Kenner  
Kenner, Louisiana  
Combining Balance Sheet - All Funds  
As of June 30, 2001

SCHEDULE H  
Page 1 of 2

	Low Rent Public Housing	Development	PIH Drug Elimination	Section 8 Programs Rental Voucher	Rental Certificate	Housing Choice Vouchers	Capital Fund Program	Total
<b>Assets</b>								
<b>Current Assets:</b>								
Cash - Unrestricted	\$ 1,000,387	\$ -	\$ -	\$ -	\$ 712,462	\$ -	\$ -	\$ 1,712,849
Cash - Tenant Security Deposits	26,422	-	-	-	-	-	-	26,422
Total Cash	\$ 1,026,809	\$ -	\$ -	\$ -	\$ 712,462	\$ -	\$ -	\$ 1,739,271
Accounts Receivable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable - HUD Other Projects	11,067	14,748	9,540	-	-	-	52,884	88,239
Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
Accounts Receivable - Miscellaneous	6,257	-	-	-	-	-	-	6,257
Accounts Receivable - Tenants Dwelling Rents	16,140	-	-	-	-	-	-	16,140
Allowance for Doubtful Accounts - Dwelling Rents	(15,949)	-	-	-	-	-	-	(15,949)
Accrued Interest Receivable	-	-	-	-	-	-	-	-
Total Accounts Receivable, Net of Allowance	\$ 17,515	\$ 14,748	\$ 9,540	\$ -	\$ -	\$ -	\$ 52,884	\$ 94,687
Interprogram Due From								
Investments - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 466,786	\$ -	\$ 466,786
Prepaid Expenses and Other Assets	33,909	-	-	-	-	-	-	33,909
Inventories	2,974	-	-	-	-	-	-	2,974
Total Other Assets	\$ 36,883	\$ -	\$ -	\$ -	\$ -	\$ 466,786	\$ -	\$ 503,669
Total Current Assets	\$ 1,081,207	\$ 14,748	\$ 9,540	\$ -	\$ 712,462	\$ 466,786	\$ 52,884	\$ 2,337,627
<b>Noncurrent Assets:</b>								
Land	\$ 1,101,170	\$ 347,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,449,025
Buildings	5,003,901	245,838	-	-	-	-	-	5,249,739
Furniture, Equipment & Machinery - Dwellings	112,725	-	-	-	-	-	-	112,725
Furniture, Equipment & Machinery - Administration	134,389	-	-	-	-	75,057	-	209,446
Leasehold Improvements	516,766	1,990	-	-	-	-	-	518,756
Accumulated Depreciation	(3,441,276)	(7,582)	-	-	-	(3,124)	-	(3,451,982)
Construction In Progress	-	-	-	-	-	-	52,884	52,884
Total Fixed Assets, Net of Accumulated Depreciation	\$ 3,427,675	\$ 588,101	\$ -	\$ -	\$ -	\$ 71,933	\$ 52,884	\$ 4,140,593
Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Noncurrent Assets	\$ 3,427,675	\$ 588,101	\$ -	\$ -	\$ -	\$ 71,933	\$ 52,884	\$ 4,140,593
Total Assets	\$ 4,508,882	\$ 602,849	\$ 9,540	\$ -	\$ 712,462	\$ 538,719	\$ 105,768	\$ 6,478,220

See notes to financial statements

Housing Authority of the City of Kenner  
Kenner, Louisiana  
Combining Balance Sheet - All Funds  
As of June 30, 2001

SCHEDULE II  
Page 2 of 2

	Low Rent Public Housing	Development	PIH Drug Elimination	Section 8 Programs Rental Voucher	Rental Certificate	Housing Choice Vouchers	Capital Fund Program	Total
Liabilities and Equity								
Current Liabilities:								
Accrued Compensated Absences	\$ 12,742	\$ -	\$ -	\$ -	\$ -	\$ 18,297	\$ -	\$ 31,039
Accrued Wage/Payroll Taxes Payable	4,104	-	-	-	-	-	-	4,104
Accounts Payable < 90 Days	-	-	-	-	-	-	-	-
Accounts Payable - HUD PHA Programs	34,553	-	-	-	3,648	82,747	-	120,948
Accounts Payable - Other Government	-	-	-	-	-	-	-	-
Tenant Security Deposits	26,422	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-	-	26,422
Current Portion of LT Debt - Capital Projects	-	-	-	-	-	191,512	-	191,512
Accrued Liabilities - Other	-	-	-	-	-	-	-	-
Interprogram Due To	-	-	-	-	-	-	-	-
Total Current Liabilities	\$ 196,458	\$ 14,748	\$ 9,540	\$ -	\$ 196,804	\$ 292,556	\$ 52,884	\$ 466,786
	\$ 274,279	\$ 14,748	\$ 9,540	\$ -	\$ 196,804	\$ 292,556	\$ 52,884	\$ 840,811
Noncurrent Liabilities:								
Long-term Debt, Net of Current - Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 274,279	\$ 14,748	\$ 9,540	\$ -	\$ 196,804	\$ 292,556	\$ 52,884	\$ 840,811
Equity:								
Project Notes (HUD)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term Debt - HUD Guaranteed	754,508	-	-	-	-	-	-	754,508
Net HUD PHA Contributions	2,673,167	588,101	-	-	-	-	-	3,261,268
Other Contributions	-	-	-	-	-	-	-	-
Total Contributed Capital	\$ 3,427,675	\$ 588,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,015,776
Undesignated Fund Balance/Retained Earnings	\$ 806,928	\$ -	\$ -	\$ -	\$ 515,658	\$ 246,163	\$ 52,884	\$ 1,621,633
Total Equity	\$ 4,234,603	\$ 588,101	\$ -	\$ -	\$ 515,658	\$ 246,163	\$ 52,884	\$ 5,637,409
Total Liabilities and Equity	\$ 4,508,882	\$ 602,849	\$ 9,540	\$ -	\$ 712,462	\$ 538,719	\$ 105,768	\$ 6,478,220

See notes to financial statements

**Combining Statement of Revenue, Expenses, and Change in Equity - All Funds**  
**For Fiscal Year Ending June 30, 2001**

	Low Rent Public Housing	Development	PIH Drug Elimination	Section 8 Programs Rental Voucher	Rental Certificate	Housing Choice Vouchers	Capital Fund Program	Total
<b>Revenues:</b>								
Net Tenant Rental Revenue	\$ 187,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,983
Net Tenant Revenue - Other	10,960	-	-	-	-	-	-	10,960
Total Tenant Rental Revenue	\$ 198,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,943
HUD PHA Grants								
Gain/Loss on Sale of Fixed Assets	\$ 157,359	\$ -	\$ 10,827	\$ -	\$ 90,838	\$ 2,136,873	\$ 79,219	\$ 2,475,116
Investment Income - Unrestricted	14,559	-	-	-	-	-	-	-
Other Revenue	14,953	-	-	-	9,227	7,514	-	31,400
Total Other Revenue	\$ 186,971	\$ -	\$ 10,827	\$ -	\$ 100,065	\$ 2,144,387	\$ 79,219	\$ 2,521,469
Total Revenue	\$ 385,914	\$ -	\$ 10,827	\$ -	\$ 100,065	\$ 2,144,387	\$ 79,219	\$ 2,720,412
<b>Operating Expenses:</b>								
Administrative Salaries	\$ 16,186	\$ -	\$ -	\$ -	\$ 26,317	\$ 130,137	\$ -	\$ 172,640
Auditing Fees	720	-	-	-	-	3,280	-	4,000
Compensated Absences	1,445	-	-	-	-	-	-	1,445
Employee Benefit Contributions-Administrative	4,362	-	-	-	5,100	37,981	-	47,443
Other Operating - Administrative	22,947	-	-	-	4,705	27,850	-	55,502
Tenant Services-Salaries	-	-	-	-	-	-	-	-
Employee Benefit Contributions-Tenant Services	-	-	-	-	-	-	-	-
Tenant Services-Other	155	-	10,827	-	-	-	-	10,982
Water	7,052	-	-	-	-	-	-	7,052
Electricity	10,600	-	-	-	-	-	-	10,600
Gas	18,543	-	-	-	-	-	-	18,543
Other Utilities Expense	11,143	-	-	-	-	-	-	11,143
Ordinary Maintenance & Operations-Labor	70,582	-	-	-	-	-	-	70,582
Ordinary Maintenance & Operations-Materials	11,171	-	-	-	-	-	-	11,171
Employee Benefit Contributions-Maintenance	28,982	-	-	-	-	-	-	28,982
Protective Services - Labor	19,873	-	-	-	-	-	-	19,873
Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
Protective Services - Other	-	-	-	-	-	-	-	-
Employee Benefits Contributions-Protective Services	-	-	-	-	-	-	-	-
Insurance Premiums	36,319	-	-	-	14,792	13,115	-	64,226
Other General Expenses	-	-	-	-	-	-	-	-
Payments in Lieu of Taxes	14,068	-	-	-	-	-	-	14,068
Bad Debt - Tenant Rent	7,271	-	-	-	-	-	-	7,271
Interest Expense	-	-	-	-	-	-	-	-
Total Operating Expenses Before Depreciation	\$ 281,419	\$ -	\$ 10,827	\$ -	\$ 50,914	\$ 212,363	\$ -	\$ 555,523

See notes to financial statements

Housing Authority of the City of Kenner  
Kenner, Louisiana

SCHEDULE III  
Page 2 of 2

Combining Statement of Revenue, Expenses, and Change in Equity - All Funds  
For Fiscal Year Ending June 30, 2001

	Low Rent Public Housing	Development	PIH Drug Elimination	Section 8 Programs Rental Voucher	Rental Certificate	Housing Choice Vouchers	Capital Fund Program	Total
Excess Revenue Over Expenses Before Depreciation	\$ 104,495	\$ -	\$ -	\$ -	\$ 49,151	\$ 1,932,024	\$ 79,219	2,164,889
Extraordinary Maintenance	3,515	-	-	-	-	-	-	3,515
Casualty Losses - Non-Capitalized	-	-	-	-	-	-	-	-
Housing Assistance Payments	-	-	-	-	-	-	-	-
Depreciation Expense	214,994	7,583	-	-	80,712	1,892,639	-	1,973,351
Operating Transfers - In	26,335	-	-	-	-	333	-	222,910
Operating Transfers - Out	-	-	-	-	-	-	-	26,335
Net Operating Income (Loss) After Depreciation	\$ (87,679)	\$ (7,583)	\$ -	\$ -	\$ (31,561)	\$ 39,052	\$ (26,335)	\$ (29,335)
							\$ 52,884	\$ (34,887)
Beginning Equity @ 6/30/00	\$ 4,322,282	\$ 595,684	\$ -	\$ 207,111	\$ 547,219	\$ -	\$ -	\$ 5,672,296
Net Operating Income (Loss) After Depreciation	(87,679)	(7,583)	-	-	(31,561)	39,052	52,884	(34,887)
Prior Period Adjustments	-	-	-	(207,111)	-	207,111	-	-
Capital Outlays Enterprise Fund	-	-	-	-	-	-	-	-
Ending Equity @ 6/30/01	\$ 4,234,603	\$ 588,101	\$ -	\$ -	\$ 515,658	\$ 246,163	\$ 52,884	\$ 5,637,409

See notes to financial statements



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## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

Board of Commissioners  
Housing Authority of the City of Kenner  
Kenner, Louisiana

I have audited the financial statements of the Housing Authority of the City of Kenner (PHA), as of and for the year ended June 30, 2001 and have issued my report thereon dated December 27, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all

matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

December 27, 2001

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## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Housing Authority of the City of Kenner  
Kenner, Louisiana

### Compliance

I have audited the compliance of the Housing Authority of the City of Kenner (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. The PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with: generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

As described in item 2001-1, in the accompanying schedule of Findings and Questioned Costs, the PHA did not comply with requirements regarding eligibility applicable to its Section 8 program. Compliance with such requirements is necessary, in my opinion, for the PHA to comply with requirements applicable to the programs.

In my opinion except for the noncompliance described in the preceding paragraph, the PHA complied in all material respects with the requirements referred to above that are applicable to each of its major programs for the year ended June 30, 2001.

#### Internal Control Over Compliance

The management of the PHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the PHA's ability to administer a major federal program in accordance with applicable requirements of law, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matter in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable condition described above, I consider item 2001-1 to be material weaknesses.



This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.

---

William Daniel McCaskill, CPA  
A Professional Accounting Corporation

December 27, 2001

# **Housing Authority of the City of Kenner**

## **Kenner, Louisiana**

### **Schedule of Prior Audit Findings**

While the prior audit did not include any findings, HUD staff performed a management review of the PHA's Section 8 program on 8-17-2001. The issued report includes the following findings that we are treating as prior audit findings:

1. The Administrative Plan has not been updated annually.  
This is repeated in finding number 2001-1.
2. Four PHA policies needed updating.  
This is repeated in finding number 2001-1.
3. The waiting list was not properly documented per HUD requirements.  
This is repeated as finding number 2001-1.
4. The payment standards/fair market rents were not properly calculated.  
This was corrected in September 2001. We consider this finding cleared.
5. The new resident briefing packet did not contain all 25 items as required by HUD.  
This finding was cleared 12-1-2001. The PHA staff did compile a new briefing packet that includes the 25 required items.
6. The PHA has not been adequately documenting rent reasonableness.  
This is repeated in finding number 2001-1.
7. The PHA's utility allowance has not been updated annually per HUD regulation.  
The PHA updated this allowance 10-1-2001. This finding is considered cleared.
8. The PHA did not document that it was housing at least 75% of new residents that were extremely low income.  
This is repeated in finding 2001-1.
9. The PHA has not been notifying all landlords of their right to an annual rent adjustment.  
This is repeated in finding number 2001-1.
10. The PHA's HAP register did not include all of the required information.  
This is repeated in finding number 2001-1.
11. The PHA did not have a HUD depository agreement form executed by one bank.  
The bank in question refused to execute the HUD depository agreement. On 10-1-2001 the PHA withdrew all monies on deposit with this particular bank and transferred the monies to a bank that did properly execute the depository agreement. This finding is considered cleared.
12. The PHA was not properly documenting the correction of deficiencies found with annual inspections.  
This is repeated in finding number 2001-1.
13. PHA supervisory staff has not been conducting quality control inspections.  
On 11-1-2001 the Executive Director began quality control inspections and is



**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Schedule of Prior Audit Findings**

documenting that he is performing the required percentage of quality control inspections. We consider this finding cleared.

14. In reviewing 10 tenant files HUD staff noted 5 deficiencies, while at the same time commented that PHA staff "...is doing a very good job of maintaining it's residents' files."

With each re examination or housing new residents the PHA staff is correcting the deficiencies noted by HUD. We consider this finding cleared.

**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Schedule of Audit Adjusting Journal Entries**

None

**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Schedule of Current Audit Findings  
And Questioned Costs**

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

- i. The report includes an unqualified opinion on the financial statements.
- ii. There were no reportable conditions in internal controls found that are required to be disclosed at the financial statement level.
- iii. The audit disclosed no noncompliance that is material to the financial statements.
- iv. Reportable conditions in internal control over major programs were disclosed by the audit.
- v. The compliance report issued for major programs was qualified.
- vi. The report disclosed audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

<u>CFDA#</u>	<u>Name of Program</u>
14.857	Section 8 Rental Certificate Program
14.871	Housing Choice Vouchers
14.872	Public Housing Capital Fund Program

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- ix. The auditee was considered a low risk auditee.

2. Finding relating to the financial statements required to be reported with GAGAS are as follows: NONE

**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Schedule of Current Audit Findings  
And Questioned Costs**

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a all with HUD oversight:

Finding Number 2001-1

1. Name of Program—Housing Choice Vouchers  
Identification Number –FW-2167  
CFDA Number – 14.871  
Federal Award Year—2001  
Name of Federal Agency—HUD  
Name of Pass Thru Entity—None
2. Criteria:
  - A. The administrative plan must be updated annually per HUD regulations.
  - B. All PHA policies should be updated periodically.
  - C. The waiting list must be properly documented per HUD regulation.
  - D. The PHA should adequately document rent reasonableness.
  - E. The PHA should document that at least 75% of all new residents are extremely low income.
  - F. The PHA should notify all landlords annually of their right to a rent adjustment.
  - G. The PHA's HAP register should contain all of the HUD requirements.
  - H. The PHA should document the correction of all deficiencies found with annual inspections of units.
3. Condition:
  - A. The administrative plan has not been updated annually.
  - B. Four PHA policies were found to be outdated.
  - C. The waiting list did not contain absolutely all of the HUD required items.
  - D. The PHA has not been adequately documenting rent reasonableness.
  - E. The PHA has not been documenting that at least 75% of all new residents were extremely low income.
  - F. The PHA has not been notifying landlords of their right to annual rent adjustments.
  - G. The PHA's HAP register did not include all of the items HUD requires.
  - H. The PHA has not been documenting the correction of deficiencies found during inspections.
4. Amount of questioned costs - None
5. The PHA expends \$1,973,351 of HAP payments annually.

**Housing Authority of the City of Kenner  
Kenner, Louisiana  
Schedule of Current Audit Findings  
And Questioned Costs**

6. Effect—The PHA violated various HUD requirements relating to the Section 8 program.
7. Recommendations to prevent future occurrences include evaluating each element of the finding and planning for corrections and monitoring those corrective actions.
8. PHA officials agree with this finding.



# **Housing Authority of the City of Kenner Kenner, Louisiana Schedule of Corrective Action Plan**

Finding Number 2001-1

Person Responsible—Lawson Harvey

Completion Date—Noted with each corrective action planned

Corrective Action Planned:

- A. We will hire a contractor to update our administrative plan. It will be completed by 2-28-2002
- B. We will hire a contractor to update our policies. This will be completed by 2-28-2002.
- C. The problem here is that our software does not print out a waiting list to satisfy HUD requirements. We are in the process of purchasing new software and will have a new system in place by 6-30-2002.
- D. We will adequately document rent reasonableness for each identifiable section of the City of Kenner. By 2-28-2002 we will have in place a system to manually and adequately document rent reasonableness for each re examination and/or new resident.
- E. By 1-31-2002 we will have in place a manual system to ensure and document that at least 75% of all new residents are extremely low income.
- F. By 1-31-2002 we will have a manual system in place to notify all landlords annually of their right to rent adjustments as well as documenting same.
- G. Again, the problem here is that our software is not adequately documenting the HAP register to satisfy HUD requirements. By 6-30-2002 we will have in place new software that will satisfy this requirement.
- H. We feel that we have adequate staffing to perform this function. Effective 1-1-2002 we will have controls in place to document the correction of all deficiencies found during inspections. These controls include completing a log of deficiencies found, a letter to the landlord instructing them to correct the deficiencies, a log of re inspections of the units involved noting if the corrections were made, and more efficient scheduling of inspections.